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E.O. 12958: N/A
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SUBJECT: Taiwan to expand cross-Strait "mini-link" program

¶1. (U) Summary. On March 19, the Executive Yuan (EY) approved the expansion of the cross-Strait "mini-link" program designed to boost local economic development through tourism. The expansion will allow a daily quota of 680 mainland Chinese, mainly from Fujian Province, to tour Kinmen and Matsu islands, as well as the same daily quota of Taiwan residents not living on Kinmen and Matsu to travel to China via the two islands. KMT presidential candidate Ma Ying-jeou has previously stated his support to open Kinmen and Matsu airports for regular cross-Strait flights, and DPP presidential candidate Frank Hsieh supports establishing cross-Strait charter flights to help prevent the marginalization of Taiwan's offshore islands. End Summary.

¶2. (U) The March 19 EY session approved a Mainland Affairs Council (MAC) proposal to expand the mini-link proposal, with a planned implementation date of April 1. Mainland Chinese tourists are now allowed to visit Kinmen and Matsu subject to case-by-case approval. The new program, however, sets a quota of 600 daily tourists for Kinmen, and 80 daily tourists for Matsu. At the same time, a daily quota of 680 Taiwan residents not living on Kinmen or Matsu will be allowed to visit China via the two islands. The daily quota could be expanded if China permits to increase Mainland Chinese to tour Kinmen and Matsu.

¶3. (U) In addition, the EY announced plans to expand the mini-link program to include Taiwan investors in China. Starting on April 1, 2008, Taiwan investors in China, their dependents, and Taiwan employees working in China will be able to use the mini-link program to travel between Taiwan and the mainland. Currently, Taiwan investors in China can only use the mini-link program during the Chinese New Year holidays, or by applying on a case-by-case basis.

¶4. (U) Established in January 2001, the "mini link" program gives Kinmen and Matsu residents transportation service to Xiamen and Fuzhou in China's Fujian Province. In early 2004, Taiwan's UNI Airways and Fujian Xiamen Shipping Corporation, China (FXSC) launched a joint air and marine service on the routes. Flying from Taipei to Kinmen and then transferring to a ship sailing for Xiamen takes only three hours and costs approximately U.S. \$2000 for a round trip. In 2007, over 780,000 Taiwan travelers used the mini-link program.

¶5. (U) According his campaign policy "white paper", KMT presidential candidate Ma Ying-jeou supports setting up a special casino and business zone on Penghu, with a view toward promoting the island's economic development. Ma is in favor of allowing all Taiwan and mainland Chinese tourists to use Kinmen and Matsu airports, as well as the ports of Kinmen, Matsu, and Penghu islands.

In addition, Ma is proposing to promote special tourist packages and routes connecting China, Taiwan, Penghu, Kinmen, and Matsu. In his tourism "white paper", DPP presidential candidate Frank Hsieh supports expansion of cross-Strait charter flights through Kinmen and Matsu in an effort to prevent the islands' marginalization. Hsieh also favors setting up a special economic zone on Kinmen as part of an expansion of the mini-link program.

YOUNG